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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte TRACY A. MAHNKEN, PAMELA D. WEISS,
BENJAMIN C. GRABOSKE, and PATRICK R. WHELAN

Appeal 2009-000389
Application 09/843,904
Technology Center 3600

Decided: October 8, 2009

Before MURRIEL E. CRAWFORD, ANTON W. FETTING, and
BIBHU R. MOHANTY, *Administrative Patent Judges.*

FETTING, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

Tracy A. Mahnken, Pamela D. Weiss, Benjamin C. Graboske, and Patrick R. Whelan (Appellants) seek review under 35 U.S.C. § 134 (2002) of a final rejection of claims 1-24, the only claims pending in the application on appeal.

We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION[1]

We AFFIRM.

THE INVENTION

The Appellants invented a way of executing a lease agreement for commercial or residential property over a computer network (Specification 1:¶ 01).

An understanding of the invention can be derived from a reading of exemplary claim 1 and 19, which are reproduced below [bracketed matter and some paragraphing added].

> 1. A system for establishing a lease agreement between a first party and a second party,
>
> wherein the lease agreement is executed over a computer network, comprising:
>
> [1] a listing module

[1] Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed December 31, 2007) and Reply Brief ("Reply Br.," filed March 19, 2008), and the Examiner's Answer ("Ans.," mailed March 19, 2008).

configured to provide over the computer network a list of units available for leasing;

[2] a scoring module

configured to screen an applicant;

[3] a leasing module configured to

[3a] provide a lease agreement and

[3b] receive acceptance of the lease agreement over the computer network; and

[4] a payment module

configured to receive payment over the computer network.

19. A method for establishing a lease agreement between a first party and a second party,

wherein the lease agreement is executed over a computer network, comprising:

[1] providing over the computer network to a first party

a list of units available for leasing;

[2] receiving over the computer network from the first party

a request to lease a unit;

[3] screening the first party

based on information provided by the first party over the computer network;

[4] compiling a lease agreement pertaining to the first party, a second party, and the requested unit;

[5] presenting the lease agreement over the computer network;

[6] receiving from the first party acceptance of the lease agreement over the computer network; and

[7] receiving payment from the first party over the computer network.

THE REJECTIONS

The Examiner relies upon the following prior art:

Weatherly	US 6,049,784	Apr. 11, 2000
Walker	US 2003/0101087 A1	May 29, 2003
Donahue	US 7,024,397 B1	Apr. 4, 2006

Claims 1 and 10-19 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Weatherly and Donahue.

Claims 2-9 and 20-24 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Weatherly, Donahue, and Walker.

ARGUMENTS

Claims 1 and 10-19 rejected under 35 U.S.C. § 103(a) as unpatentable over Weatherly and Donahue.

The Appellants argue these claims as a group. Accordingly, we select claim 19 as representative of the group because it contains all the limitations argued. 37 C.F.R. § 41.37(c)(1)(vii) (2008).

The Appellants contend that none of the references describe limitation [5] and [6] of presenting a lease agreement and receiving acceptance of a lease agreement over a computer network. Appeal Brief 6-10.

The Examiner found that Donahue 1:8-12 described these limitations. Answer 4.

Claims 2-9 and 20-24 rejected under 35 U.S.C. § 103(a) as unpatentable over Weatherly, Donahue, and Walker.

The Appellants made the same arguments as above with respect to these claims. Appeal Brief 11-12.

ISSUES

The issue of whether the Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 1 and 10-19 under 35 U.S.C. § 103(a) as unpatentable over Weatherly and Donahue turns on whether the art describes limitations [5] and [6] of claim 19, or whether those limitations were otherwise predictable variations of the art as applied.

The issue of whether the Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 2-9 and 20-24 under 35 U.S.C. § 103(a) as unpatentable over Weatherly, Donahue, and Walker turns on the outcome of the first rejection.

FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

Facts Related to Appellants' Disclosure

01. In one embodiment, an object of the leasing module can be to accept a legally binding signature from the prospective resident. For example, the leasing module may accept a signature from the prospective resident using digital signature methods. However, additional methods of accepting a signature from the prospective resident apparent to those having skill in the art may also be used. Spec. 14: ¶ 60.

Facts Related to the Prior Art

Donahue

02. Donahue is directed to allowing two parties to negotiate and execute a real estate lease over a computer network such as the Internet. Donahue 1:8-12.

03. Donahue facilitates a structured lease negotiation between two parties to a real estate transaction. In each phase, parties must select from a predefined list of actions (e.g., agree or defer) associated with a particular aspect of the negotiation (e.g., rent to be charged, term of the lease, etc.). Provisions to which both parties agree are "locked in" while those that are deferred are worked out in a subsequent phase. A computer generates intermediate documents that assist in the negotiation (e.g., draft proposal letters) and identifies areas that require further negotiation. If parties indicate that outside help is needed to define part of the contract (e.g., architect review of an office layout), a computer suggests vendors located in the geographic area of the lease property and transmits via e-mail a draft scope of services request to one or more vendors. Donahue 2:15-51.

04. Each party identifies “corporate approvals required to complete the negotiation, and a computer-generated lease document can be printed for signatures. Feedback from the parties in the form of problems encountered and solutions achieved during the negotiation process are collected and stored in a database for review and use by other future negotiation parties.” Donahue 2:51-57.

05. A draft lease contract is generated by Donahue’s computer on the basis of the negotiated information that was "locked in" by agreement of the parties. The parties review and resolve the contract, and agree upon lease attachments such as a detailed description of office space, final

plans and specifications. A lease agreement is then prepared that the parties agree on (but which has not yet been executed). Donahue 15:54-65.

06. The phase for obtaining approvals and executing documents begins with preparing information summaries. If a corporate approval summary is required, a standard corporate approvals form is generated. If a financial analysis is required, a standard financial analysis form is generated. Corporate approvals are obtained by each party. This includes submitting the forms and information for internal approvals, obtaining signatures of local subsidiaries, if required; and obtaining management signatures on the approval forms. The legal documents are executed, which may include steps of identifying authorized signatories; transmitting original signature documents by e-mail, fax or express mail, and obtaining the actual signatures. The parties exchange documents, pay required deposits, and exchange keys or other entrance mechanisms (security codes, etc.) The outcome of this phase is that all legal documents are executed and access is granted to the premises. Donahue 15:66 – 16:18.

Weatherly

07. Weatherly is directed to creating and managing a lease agreement wherein a third party provides lease management and payment guaranties. Weatherly 1:6-9.

Facts Related To The Level Of Skill In The Art

08. Neither the Examiner nor the Appellants has addressed the level of ordinary skill in the pertinent arts of systems analysis and programming,

law office information systems, leasing systems, or user interface design. We will, therefore, consider the cited prior art as representative of the level of ordinary skill in the art. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) ("[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error 'where the prior art itself reflects an appropriate level and a need for testimony is not shown'") (quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985).

Facts Related To Secondary Considerations

09. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

PRINCIPLES OF LAW

Claim Construction

During examination of a patent application, pending claims are given their broadest reasonable construction consistent with the specification. *In re Prater* , 415 F.2d 1393, 1404-05 (CCPA 1969); *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1369 (Fed. Cir. 2004).

Limitations appearing in the specification but not recited in the claim are not read into the claim. *E-Pass Techs., Inc. v. 3Com Corp.*, 343 F.3d 1364, 1369 (Fed. Cir. 2003) (claims must be interpreted "in view of the specification" without importing limitations from the specification into the claims unnecessarily)

Obviousness

A claimed invention is unpatentable if the differences between it and the prior art are "such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art." 35

U.S.C. § 103(a) (2000); *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007); *Graham v. John Deere Co.*, 383 U.S. 1, 13-14 (1966).

In *Graham*, the Court held that that the obviousness analysis is bottomed on several basic factual inquiries: "[(1)] the scope and content of the prior art are to be determined; [(2)] differences between the prior art and the claims at issue are to be ascertained; and [(3)] the level of ordinary skill in the pertinent art resolved." 383 U.S. at 17. *See also KSR*, 550 U.S. at 406. "The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." *Id.* at 416.

ANALYSIS

Claims 1 and 10-19 rejected under 35 U.S.C. § 103(a) as unpatentable over Weatherly and Donahue.

The Appellants contend that the claims allow a tenant to view a rental unit, be approved, view and accept a lease agreement, and pay a deposit in a single session without any physical transfer of lease or payment paperwork (App. Br. 6); that Weatherly only automates lease agreements after execution (App. Br. 7-8); and that Donahue requires that signature sheets be printed and sent to the parties (App. Br. 8-9).

As to allowing activities including claim 19 steps [5] and [6] without physical transfer of paperwork, this argument is not commensurate with the scope of the claim. Claim 19 is silent as to whether physical paperwork is used or not.

Donahue specifically states, that it allows two parties to negotiate and execute a real estate lease over a computer network such as the Internet. FF 02. Execution requires and therefore implicitly includes, acceptance. Further such negotiation

implies presentation of the subject of the negotiation. Thus Donahue describes performing limitations [5] and [6].

The Appellants argue that this portion of Donahue is "less than compelling." Reply Br. 3. The Appellants contend that Donahue uses the term "executed" primarily in reference to specific pre-defined steps executed in the course of negotiating the lease. The Appellants present three examples of where Donahue describes steps being executed. *Id.* Tellingly, each of these examples explicitly refer to *steps* being executed, contrasted with the lease being executed in FF 02.

The Appellants point out that Donahue states that in the step in which documents are executed, this may include steps of identifying authorized signatories; transmitting original signature documents by e-mail, fax or express mail, and obtaining the actual signatures. *See* FF 06. To this, we find first that these modes are exemplary and not limiting, and that these steps of identifying signatories and transmitting original signature documents by email are within the environment of the network.

Further, Donahue is silent as to the nature of the signatures, and as the Appellants' Specification makes clear, digital signatures were at least known at the time of the invention. FF 01. Further, the Appellants' Specification makes clear that additional methods of accepting a signature known to those of ordinary skill were within the scope of the disclosed method. *Id.* Such methods of accepting a signature would necessarily have included the time honored method or manual signatures. Such manual signatures would not have been inconsistent with limitation [6] of receiving from the first party acceptance of the lease agreement over the computer network, since Donahue states that the transmission of the acceptance might be by email. One of ordinary skill would have immediately recognized such an email as including the scanned image of the signature page.

Finally, we find that all of the steps in claim 19 are those performed conventionally in any lease agreement, but occurring with the aid of a computer network. This is no more than using a computer network for the purpose to which is known, viz. communication.

It is, generally, obvious to automate a known manual procedure or mechanical device. Our reviewing court stated in *Leapfrog Enterprises Inc. v. Fisher-Price Inc.*, 485 F.3d 1157 (Fed. Cir. 2007) that one of ordinary skill in the art would have found it obvious to combine an old electromechanical device with electronic circuitry "to update it using modern electronic components in order to gain the commonly understood benefits of such adaptation, such as decreased size, increased reliability, simplified operation, and reduced cost. . . . The combination is thus the adaptation of an old idea or invention . . . using newer technology that is commonly available and understood in the art." *Id* at 1163.

Such use of a computer network to automate a known manual process is exactly the type of substitution the *Leapfrog* court found would be obvious.

Claims 2-9 and 20-24 rejected under 35 U.S.C. § 103(a) as unpatentable over Weatherly, Donahue, and Walker.

The Appellants presented the same arguments as with the above rejection and accordingly these claims fall with those above.

CONCLUSIONS OF LAW

The Appellants have not sustained their burden of showing that the Examiner erred in rejecting claims 1 and 10-19 under 35 U.S.C. § 103(a) as unpatentable over Weatherly and Donahue.

The Appellants have not sustained their burden of showing that the Examiner erred in rejecting claims 2-9 and 20-24 under 35 U.S.C. § 103(a) as unpatentable over Weatherly, Donahue, and Walker.

DECISION

To summarize, our decision is as follows.

- The rejection of claims 1 and 10-19 under 35 U.S.C. § 103(a) as unpatentable over Weatherly and Donahue is sustained.
- The rejection of claims 2-9 and 20-24 under 35 U.S.C. § 103(a) as unpatentable over Weatherly, Donahue, and Walker is sustained.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED

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